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Railway trainman,
Cleveland

“Pull together for
prosperity”

[Cleveland]

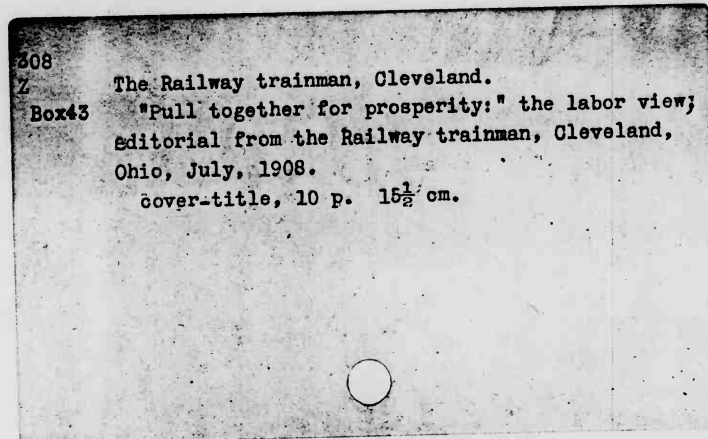
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Prof. H. B. A. Seligman

"Pull together for Prosperity"

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THE LABOR VIEW

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Editorial from

The Railway Trainman

CLEVELAND, OHIO

July, 1908



May 23, 1917. AET

REPRINT OF EDITORIAL
FROM
THE RAILROAD TRAINMAN

JULY 1908

Increased Railway Rates

The recent publication of a "faked" story, purporting to tell how the employees of a certain railway were "coerced" into a meeting with their officers and forced to subscribe to certain sentiments that were repugnant to them, has been going the rounds to prove what a miserable lot the railroad employees really are. The story goes that one man opposed resolutions demanding fair legislation for railways and the next day lost his job because of his independence. The purpose of the "fake" was to discredit the demands of the railways for an increased freight rate and to lend color to the "knock" by pretending that railway employees were coerced into standing with their employees.

Just why the railway employees are selected as the particular marks for the criticism of certain persons is not understood. The railroad employees are acknowledged to be equal in intelligence and as capable of

thinking for themselves as other employees, yet, when railroads are attacked by legislatures, or otherwise, the railway employees are expected to join the clamor against the railways and thereby lend their assistance in reducing railway revenues.

If we could find a single instance where other employees were requested or expected to demand lower rates for the products of their manufacture there might be some consistency in the expectation that railroad men ought to join in "regulating" the railroad business out of business, but where is there an employer who has to confront a demand from his employes for reduced costs to the consumer? All he looks for are demands for better hours and wages. His gross earning capacity is not opposed by his own employes. Yet, when certain railway employes realize that an attack against the pay car is an attack against themselves, and protest against unfair legislation that threatens railway earnings, certain writers cannot understand the community of interest that prompts their action, and declare the employes have been coerced.

The writer has no hesitancy in asserting that the railroads have a right to live and that they must live well enough to permit their employes to live, and it is also said with equal readiness that it is not right for the people of this country to ask the railroads or the railroad employes to sacrifice their rightful interests that the rest of the country may profit at their expense.

There is no coercion responsible for this statement, and while it may be criticised and condemned as "most anything" some people will want to call it, we might as well come out fairly as to say something to the contrary for the mere sound of it and to please a certain set, and then take to cover when the crisis comes as it will unless there is a let-up in fool legislation and ill-advised sentiment that demands certain things that are impossible.

The railroad companies announced that freight rates would be advanced slightly to cover increased costs of operation. Immediately every shipper protested, declared it was wrong and that it would not be considered for a minute. They forgot that every single shipper of moment has advanced the prices of his own products within the past few years and that the freight rates have not advanced. These shippers rightfully contend that increased cost of operation necessitated increased costs to the consumer, and that fact is undisputed. But how about the increased cost of railway operation? Materials, equipment, wages and everything else necessary to operation have increased in cost and in addition the costs have been materially increased by legislative requirements demanding safety appliances, liability for injury, full crew bills, and regulation of hours for certain service. These are all additional fixed charges and cannot be gotten away from.

In the past few years the railways enjoyed an enormous business and made money, but not because of increased tariffs.

The freight rate is at bed rock, as it was all during the boom times, but with the now decreased business and certain fixed charges remaining the same, it is necessary for the roads either to practice economies that will force the employees to bear part of the burden and at the same time reduce safety of operation below the danger point, or to slightly increase rates.

Right here in this connection we desire to have it understood that the railroad employees of the United States cannot see where they are in duty bound to carry the burden for the rest of the people and, furthermore, they will not do it. If the time comes when the railways attempt to reduce wages to keep within their operating costs the railway employees will be compelled to oppose the movement with every influence at their command. If this means fight, then we will fight as we have a right to for a decent living and fair terms of employment. If the "public" disagrees with this view of it, then let the public be reasonable and pay a living transportation rate.

This question of railway earnings gets close to us and it is not evidence of coercion for a man working for a railroad company to demand that his employer legitimately be allowed to make enough money to pay him decent wages. The railway employees have been forced into this position by the unreasonable demands of the rest of the people, who feel that because it is a railroad that it can do all things expected without figuring the cost. There are cer-

tain states wherein this financial misunderstanding gained way that have realized through lost business that when the corporation doing a legitimate business suffers from over-zealous interference they cannot escape the effects themselves.

Whether the financial "system" is correct or not is a matter for argument and, possibly, regulation, but where there is no chance for discussion is in that the railroad employees do not purpose to be the "goat" for the experiments of any one else.

Where our men have protested against unfair legislative practices, or have stood with their companies for fair revenues, they have not been coerced by anything other than a realization of the needs of the railway situation. They did what they had a right to do and what we hope they will continue to do, that is, to stand opposed to unfair regulation of passenger and freight rates that mean annihilation of railway properties.

Mr. William C. Brown, Senior Vice-President, New York Central Lines, addressed a conference of Illinois shippers and told them a number of very pertinent things in connection with freight rates, and he also told them in so many words that rates must be advanced or trouble must be anticipated. In this address he said:

"The converging lines of cost and compensation in railroad operation, which for years have been steadily approaching each other, are now separated by so narrow a margin that in order to pay fixed charges, taxes and

operating expenses, with even a moderate return to shareholders, there must be either a moderate increase in freight rates or a very substantial reduction in the wages of railroad employees.

"I do not know that the basis of wages paid railroad men is too high—the conditions of service are becoming more and more exacting every year, and there is no other business in the world that compares with it in point of hazard, both for the employee and the employer. In the case of the former, risk of life and limb, in the case of the latter, danger of almost unlimited damages for accidents which, in spite of the most complete and comprehensive precautions, seem unavoidable.

"With the sympathy and co-operation of the business interests of the country, a moderate increase in freight rates can be made effective without the slightest injury to any department of business activity.

"*The reduction in wages of railroad employees could only become effective at the end of a conflict with organized labor, universal, prolonged, and which would cost the business interests of the nation ten times the amount involved in any possible increase in freight rates.*"

Mr. Brown tells the truth when he says that reduced wages can only come after a fight with the employees. Mr. Brown has

not been, and so far as we know, is not opposed to railroad labor organization and did not make his statements with prejudice to the association when he declared what he knew to be the truth, namely: wage reduction means fight to the finish.

The question of supply and demand is not so much of a talking factor as it was before industry arranged to maintain prices through "cohesion of trade interests" that put the ancient law of supply and demand out of business, and if it is good for the employer it is equally good for his employee.

In showing the Illinois shippers to what extent the general business of the country had advanced and the comparative position of freight rates thereto, Mr. Brown said:

"The railroad rates in the United States have for the last thirty years shown almost a continuous and uniform reduction. The average rate per ton per mile on all classes of commodities shows a reduction of between 38 and 40 per cent since 1882; and, at the same time, the average wages paid to railroad employees, and the average cost of almost every class of material that railroads buy, have increased from 50 to 100 per cent. Taxes have increased from an average of \$179 to an average of \$335 per mile of road, or 86 per cent; while the cost of right-of-way and additional property necessary for increased facilities in many instances is from 500 to 1,000 per cent more than it was at that time.

"Bulletin No. 69 of the Bureau of Labor, issued in March, 1907, which contains a record of wholesale prices of all commodities from 1890 to 1905, shows that during the ten years ending in 1905, the following increases in price occurred:

	Per Cent.
Farm products.....	24.2
Food, etc.....	8.7
Cloths and clothing.....	12
Fuel and lighting.....	28.8
Metal and implements.....	22.5
Lumber and build'g material.	27.7
Drugs and chemicals.....	9.1
House furnishing goods.....	9.1
Miscellaneous	12.8
All commodities	15.9

During substantially the same period the average freight rate received by the railroads for handling the above commodities shows a reduction from 941-1000 of one cent per ton per mile to 766-1000 of one cent per ton per mile; or over 18 per cent."

Here is the situation. The shippers protest against a slight increase in the freight rate so small that the dealer honestly could not add it to the selling cost, but their own products have advanced from 8 per cent to 28 per cent, plus, within the past ten years, while railroad freight rates have decreased during that same period.

The volume of business made operation possible and remunerative, but business has decreased while the cost of operation,

comparatively, has not decreased, making it difficult to operate safely.

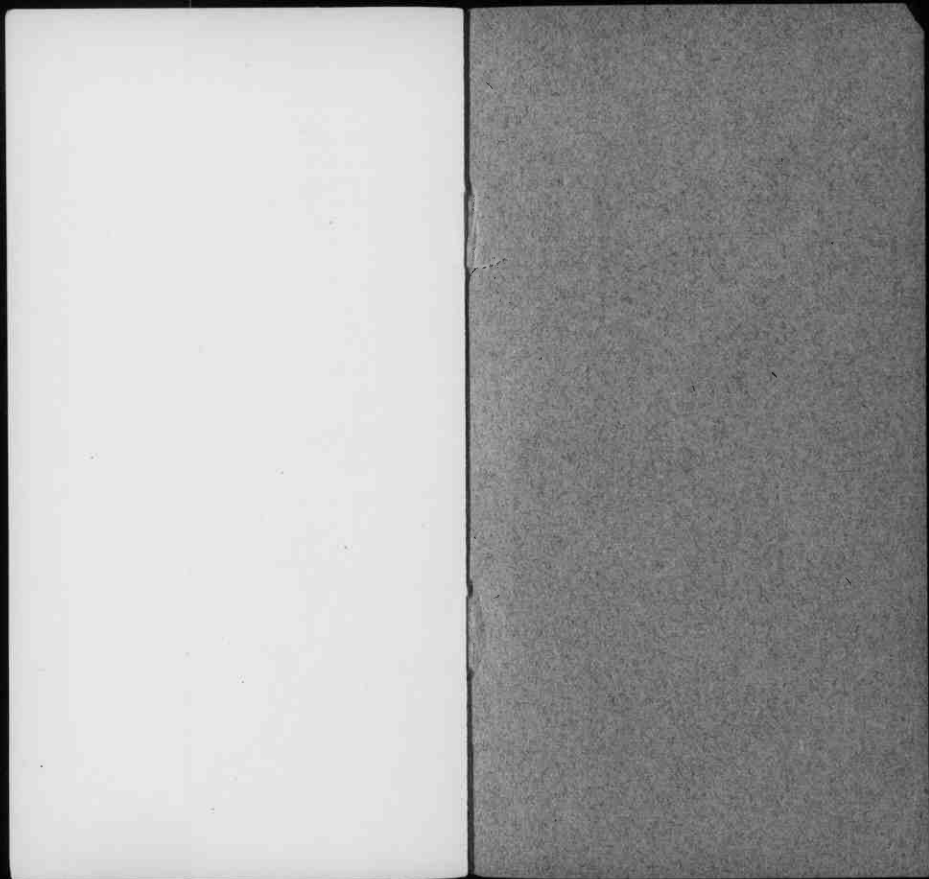
Railway employees are not blind even though they may be denounced for standing by their companies in demanding pay for what they do. It is not easily understood why a man must be coerced into doing something on which his own interests depend.

The railway employe has been the buffer long enough. When the shipper wants to beat the railroad by way of legislation, the employe has to work harder, handle more tonnage or something else to make up the difference, and the "protesting shipper" gets the benefit, for he never in his business life gave the consumer the advantage of a low freight rate.

When railroad employes protest against unfair legislation or when they join with their companies in demanding rates that will allow them to do business with a reasonable profit they are entirely within their rights as citizens and employes; and the critic who noisily declares they are coerced, wear the corporation collar, or in other ways attempts to belittle the railway employe who defends his right to protect his own interests, is simply attempting to use him as a cat's paw to pull his own chestnuts out of the fire. Let us have regulation—we can all stand that, and the railroads are in favor of decent national regulation—but let us protest against every arbitrary proposition that looks to an unfair reduction of revenues, that means

either confiscation or annihilation of railway properties.

It may be necessary at times to "hammer" the corporation as a matter of civic duty, but there is a point at which to quit. Understand, we do not defend the stock jobbing that has brought the railways into disfavor. We have no part or sympathy with that, but we are interested in the proper operation of railways and their earnings.



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